

Message Text

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12

ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-10 IO-14 NEA-14 NSAE-00 RSC-01

OPIC-12 SP-03 TRSE-00 CIEP-02 LAB-06 SIL-01 SWF-02

OMB-01 DRC-01 /139 W

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R 250825Z MAY 74

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 2054

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS UNN

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

USMISSION OECD PARIS UNN

AMEMBASSY REYKJAVIK

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

AMEMBASSY VIENNA

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E.O. 11652: N/A

TAGS: EFIN, OECD, SW

SUBJ: DIRECT INVESTMENT ISSUES IN OECD

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REF: STATE 89852

1. ECONOMIC COUNSELOR PRESENTED REFTEL TALKING POINTS IN WRITING TO S. BRATTSTROM OF FONOFF ON MAY 10 AND RECEIVED RESPONSE MAY 24. BRATTSTROM SAID OFFICIAL COMMENTS HAVE BEEN DELAYED BECAUSE OF UNAVAILABILITY OF KEY OFFICERS. THE GIST OF GOS POSITION FOLLOWS:

A. ON MULTINATIONAL CORPORATIONS (MNC) AND THEIR OPERATIONS AND EFFORTS TO PERMIT LIBERAL TREATMENT OF CAPITAL MOVEMENTS, GOS AND USG POSITIONS ARE SUBSTANTIALLY SIMILAR. NOTED HOWEVER THAT MNC QUESTIONS ARE BEING DEALT WITH IN AN OECD SUBGROUP WHICH WILL NOT COMPLETE WORK UNTIL LATE SUMMER.

B. ON GOVERNMENT COMMITMENTS WITH RESPECT TO MNC'S, HE FELT DISCUSSIONS AND EFFORTS TO ARRIVE AT GUIDELINES SHOULD BE CONDUCTED IN IN PARALLEL WITH MNC COMMITMENTS OF ITS OWN. WHEN REMINDED THAT GOVERNMENT COMMITMENTS WILL AFFECT MNC COMMITMENTS, BRATTSTROM AGREED, BUT APPEARED TO IMPLY A DESIRE TO GO SOMEWHAT SLOWER ON THIS THAN DESIRED BY U.S. HE REPEATED NEVERTHELESS THAT GOS SUPPORTED THE OECD CAPITAL MOVEMENTS CODE OF LIBERALIZATION WHICH HE THOUGHT COVERED QUESTIONS REGARDING ESTABLISHED MNC'S. TO DATE, GOS HAS NOT FINALIZED ITS POSITION ON PROCEDURES FOR DEALING WITH MNC'S.

C. ON DIRECT INVESTMENT, GOS AGREED WITH PRESS COMMUNIQUE URGING THAT "COUNTRIES WORK ON THIS AS A MATTER OF URGENCY". ON OTHER HAND, BRATTSTROM SAID "DIRECT INVESTMENT" IS NOT CLEARLY STATED AS AN AGENDA MATTER FOR CONSIDERATION BY OECD MINISTERS. ON QUESTION OF NATIONAL TREATMENT OF DIRECT INVESTMENTS, HE EMPHASIZED THE POLITICAL ASPECTS INVOLVED AND POSITION OF GOS DURING UN SPECIAL SESSION WHICH TENDED TO FAVOR LDC'S. AT SAME TIME, GOS RECOGNIZED THE NEED FOR COMPENSATION AND ADJUDICATION OF DISPUTES IN INTERNATIONAL COURTS WHEN MNC'S WERE NATIONALIZED.

D. REGARDING THE LDC ROLE IN INVESTMENTS AND MNC'S BRATTSTROM SUGGESTED THAT THIS WAS A SUBJECT ON WHICH GOS HAD SOME RESERVATIONS BUT CONCLUDE THAT THIS OUGHT TO BE DEALT WITH ON A GLOBAL BASIS WITH LDC REPRESENTATIVES PRESENT.

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2. COMMENT: IT WOULD APPEAR THAT GOS POSITION ON DIRECT INVESTMENT ISSUES IS IN A FLUX DUE IN PART TO ITS DESIRE TO APPEAR SYMPATHETIC TOWARD LDC INTERESTS AND IN RECOGNITION THAT SWEDISH MNC'S ARE ALREADY ACTIVE IN THE WORLD AND WHOSE INTERESTS GOS WISHES TO PROTECT. ON USG EFFORTS TO PUSH AHEAD ON INVESTMENT EXERCISE GOS APPEARS WILLING TO GO ALONG, BUT THERE IS NO INDICATION THAT WE CAN MUSTER STRONG GOS SUPPORT.

MINISTER OF TRADE KJELL-OLOF FELDT IS EXPECTED TO HEAD GOS
DELEGATION. STRAUSZ-HUPE

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